

AR44

*John H.*

**DELNITE MINES,  
LIMITED**

MAY 15 1963

*Annual Report*

**For the Fiscal Year Ended December 31st, 1962**

---

# *Delnite Mines, Limited*

---

*Incorporated under the Laws of the Province of Ontario*

AUTHORIZED CAPITAL \$2,400,000

## OFFICERS

WELLES V. MOOT, <i>President and Managing Director</i>	-	BUFFALO, N.Y.
KENNETH C. GRAY, <i>Vice-President</i>	- - - - -	TORONTO, ONT.
WHITWORTH FERGUSON, <i>Vice-President</i>	- - - - -	BUFFALO, N.Y.
WILLIAM S. WALTON, <i>Secretary-Treasurer</i>	- - - - -	TORONTO, ONT.
GEORGE A. VARY, <i>General Manager</i>	- - - - -	TIMMINS, P.O., ONT.

---

## DIRECTORS

WELLES V. MOOT	- - - - -	BUFFALO, N.Y.
KENNETH C. GRAY	- - - - -	TORONTO, ONT.
WHITWORTH FERGUSON	- - - - -	BUFFALO, N.Y.
WILLIAM L. MARCY	- - - - -	BUFFALO, N.Y.
WILLIAM S. WALTON	- - - - -	TORONTO, ONT.
ALEX F. OSBORN	- - - - -	BUFFALO, N.Y.
FREDERICK R. BURTON	- - - - -	TORONTO, ONT.

---

## TRANSFER AGENTS

CHARTERED TRUST COMPANY  
Toronto, Ontario

MANUFACTURERS AND TRADERS TRUST COMPANY  
Buffalo, N.Y.

---

## HEAD OFFICE

(on Mine property, Deloro Township)  
TIMMINS, P.O., ONT.

---

## AUDITORS

MCDONALD, CURRIE & Co.  
Chartered Accountants  
Toronto, Ontario

---

## GENERAL COUNSEL AND SOLICITORS

HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON & PEPALL  
Toronto, Ontario

---

## ANNUAL AND GENERAL MEETING

JUNE 18, 1963, 11 O'CLOCK A.M. (DAYLIGHT SAVING TIME)  
MINE OFFICE, DELORO TOWNSHIP, COCHRANE DISTRICT, ONTARIO



# Report of the Directors

## Financial

## Summary

1962

### DELNITE MINES, LIMITED

#### CURRENT ASSETS — 12/31/62

Cash, short-term investments — at cost, and bullion .....	\$ 998,928	
Marketable bonds and shares — at cost .....	416,274	
(quoted market value — \$426,447)		
Receivables under The Emergency Gold Mining Assistance Act and other receivables and prepaid insurance and other expenses .....	198,336	
Total Current Assets .....		\$1,613,538
STORES AND MATERIALS — at cost .....		157,076
		<u>\$1,770,614</u>

#### FIXED ASSETS

Buildings, plant and equipment — at cost .....	\$1,302,811	
Accumulated depreciation .....	1,150,407	
	<u>\$ 152,404</u>	
Mining properties — at cost .....	1,100,715	1,253,119
TOTAL .....		<u>\$3,023,733*</u>

#### CURRENT LIABILITIES

Wages, salaries, accounts payable, accrued liabilities and provision for Ontario Mining Tax .....	<u>\$ 208,520</u>
Net current assets plus cost of stores and materials, per share outstanding .....	52.4¢

\* Deferred expenditure and outside exploration costs, etc., omitted.

As you will note from the audited statement of profit and loss, there was a substantial increase in the net profit for the year to \$310,660., as against \$200,520. last year, and again this favorable result is largely accounted for by a higher average price per ounce received for the gold produced — namely, an increase from \$35.47 per ounce to \$37.47 per ounce — and also by an increase in the recovery per ton from \$9.26 in 1961 to \$10.38 per ton in 1962. This increased recovery per ton was much more than the 70¢ increase in cost per ton milled. We believe it is not likely that the price received per ounce for gold this year will be any higher than it was in 1962, and it may be a few cents lower. Also, we do not expect any marked increase in the recovery per ton, and it is more likely that before the end of the year the grade may be lower, due to increased limitation in the number of working places and the gradual working out of the mine. Increased wages and the tendency toward increased costs of materials and supplies may increase the cost per ton milled in 1963 as compared with 1962. We expect, however, that increased costs will be at least balanced out by savings through a marked reduction in diamond drilling and the elimination of most exploration work, and so it now seems reasonable to anticipate that profits for 1963 will be as good or possibly a little better than for 1962.

As you were advised in the last annual report and at the annual meeting, we were engaged in extending a drive to the west on the 4975-foot level to a total length of about two thousand feet and doing considerable drilling to try to determine if there was any ore at the lower levels in this western section of the mine. Unfortunately, as stated by our General Manager in his report printed herewith, this exploration drive and the diamond drilling connected therewith neither developed nor indicated any ore. Also, drilling below our bottom level under the ore bodies we are now mining, although it disclosed a continuance of favorable conditions and some ore, did not indicate any reasonable possibility of finding anything anywhere near sufficient to justify the very great expense of sinking a new shaft from our bottom level.



## *Report of the Directors continued*

It is, therefore, clear that when the present ore bodies are mined out mining operations at Delnite will terminate. Our General Manager's very careful studies of this problem have led him to the conclusion that mining operations at Delnite will probably terminate sometime between July and October, 1964, and the mine will then be shut down permanently. We are happy to report that our General Manager and his staff have been able to so plan things that they are now confident that practically all of the ore will be removed before the mine shuts down, and we regard this as an outstanding accomplishment, because the problem of continuing to mine 500 tons a day with so few places in which to work and keeping it up until all of the ore is gone is a most difficult and exacting problem.

Since our mine will be closing down and since the adjoining Aunor mine has plans for mining operations below the bottom of their present shaft on the 2900-foot level and can advantageously use our internal shaft from the 2900-foot level to the 5200-foot level to mine their ore instead of sinking a new shaft on their own property, we have entered into an agreement with Aunor. After we close and on payment to us of \$380,000.00 we are leasing to them part of our mining claims covering our present workings and selling to them our No. 2 shaft from the surface to the 2900-foot level and the main crosscut on the 2875-foot level from the No. 2 shaft to the internal No. 3 shaft and the No. 3 or internal shaft from the 2900-foot level to the 5200-foot level, together with all hoisting machinery and all equipment and apparatus used and necessary in connection with the operation thereof, and also, of course, the headframe, hoist house, compressors and other machinery and equipment and various buildings, as well as the water line to Reid Lake. Generally speaking, they will also have the use of any existing crosscuts or mine workings which they may need in connection with their work. We are to retain the mill building and contents and all dwellings and some other buildings and contents. Our rights to use what we have reserved are fully protected.

Also, we have an option to repurchase from Aunor when Aunor has finally completed its mining operations the contents of the two shafts and everything else we are selling to Aunor for the sum of \$100,000.

(For more detail see Schedules attached to Notice of Meeting.)

You will recall that heretofore and during August 1960, in pursuance of a plan of liquidation of Delnite, we reduced the par value of Delnite stock to 80¢ per share and made a distribution to shareholders from the capital assets of the company in the amount of 20¢ per share, partly in stock of Alminex Limited and partly in cash. It is our present intention that when the mine is shut down and we have received payment from Aunor, we will dispose of the rest of the assets as promptly as possible and submit to shareholders plans for final distribution in liquidation.

It will be a very sad day when this mining operation comes to an end, even though we have known for some time that this was inevitable. We have had a very loyal staff and unusually happy relations with our employees, and in our recent Labor Contract made with the United Steelworkers of America we agreed with them upon payments to be made to employees in the nature of separation allowances which are in addition to the wages paid. We have also agreed with our staff members on extra compensation for them in the form of separation allowances, and it is a pleasure to report that all of this has been arranged to the satisfaction of all parties and with an agreement that is reasonable and fair.

Mr. George Vary, who was promoted to General Manager last spring, with the help of his staff has done an outstanding piece of work in handling the very difficult mining problems which have arisen as mining operations have been concentrated on a few levels, and he and his staff have our unqualified commendation for the excellent results achieved. It is a pleasure to be part of a mining group in which the employees, the staff and the officers and directors all have such a happy community of interest.

On behalf of the Board,

"WELLES V. MOOT"

President and Managing Director.

Dated: April 19th, 1963.



# Manager's Report

March 22, 1963.

The President and Directors,  
Delnite Mines, Limited.

Gentlemen:

The following report covering operations for the fiscal year ending December 31, 1962, is submitted:

## PRODUCTION:

Ore Treated .....	181,144 Tons
Gross Value .....	\$1,996,980
Bullion Recovered:	
Gold — 50,039.143 ozs. @ \$37.47 .....	1,875,048
Silver — 3,767.26 ozs. @ 1.17 .....	4,393
Total Value .....	\$1,879,441
Value per Ton .....	11.03
Recovery per Ton .....	10.38
Recovery per cent .....	94.11

## Production Since Milling Commenced June 1, 1937

Fiscal Period Ending	Tons Milled	Value Per Ton Milled	Gross Value	Recovery Per Ton	Recovery Value	Average Price Per Ounce
‡ Mar. 31, 1938 .....	57,689	\$ 7.01	\$ 404,484	\$ 6.41	\$ 369,679	\$35.17
Mar. 31, 1939 .....	91,749	8.56	785,064	7.81	716,521	35.21
† Mar. 31, 1940 .....	114,922	7.78	894,641	7.12	818,313	37.04
Dec. 31, 1940 .....	99,342	7.22	716,875	6.70	665,391	38.50
Dec. 31, 1941 .....	166,596	7.65	1,274,895	7.10	1,183,053	38.50
Dec. 31, 1942 .....	172,727	7.53	1,299,701	7.07	1,220,663	38.50
Dec. 31, 1943 .....	125,887	7.15	900,065	6.51	819,672	38.50
Dec. 31, 1944 .....	93,112	6.57	612,086	6.12	570,247	38.50
Dec. 31, 1945 .....	66,120	5.84	386,414	5.49	363,063	38.50
Dec. 31, 1946 .....	92,731	7.09	657,265	6.79	629,375	36.58
Dec. 31, 1947 .....	101,927	10.18	1,037,861	9.81	999,725	35.00
Dec. 31, 1948 .....	124,835	9.94	1,241,401	9.49	1,184,625	35.00
Dec. 31, 1949 .....	149,087	9.88	1,473,370	9.46	1,410,083	36.24
Dec. 31, 1950 .....	153,165	10.20	1,562,097	9.75	1,492,946	37.90
* Dec. 31, 1951 .....	139,278	11.16	1,554,592	10.73	1,493,931	36.89
Dec. 31, 1952 .....	158,794	11.82	1,877,138	11.35	1,802,159	34.17
* Dec. 31, 1953 .....	106,027	10.47	1,109,823	10.03	1,063,087	34.51
* Dec. 31, 1954 .....	144,431	9.45	1,364,982	9.00	1,299,541	34.09
Dec. 31, 1955 .....	158,710	8.90	1,411,684	8.35	1,325,120	34.55
Dec. 31, 1956 .....	166,694	7.85	1,308,751	7.37	1,228,773	34.43
Dec. 31, 1957 .....	155,826	8.24	1,284,013	7.50	1,168,235	33.61
Dec. 31, 1958 .....	181,842	9.06	1,646,731	8.40	1,526,660	33.93
Dec. 31, 1959 .....	182,746	8.71	1,591,629	8.08	1,476,100	33.53
Dec. 31, 1960 .....	184,425	9.34	1,723,235	8.58	1,582,493	34.02
Dec. 31, 1961 .....	183,314	9.95	1,824,358	9.26	1,698,017	35.47
Dec. 31, 1962 .....	181,144	11.03	1,996,980	10.38	1,879,441	37.47

‡ For Ten Months.

† For Nine Months.

\* Due to strikes, there was no production for one month of 1951, four months of 1953 and one and one-half months of 1954.

## Tons of Ore and Waste Hoisted

	Ore	Waste	Total
No. 2 Shaft .....	181,083	—	181,083
No. 3 Shaft .....	181,718	6,596	188,314
102,239 Tons of backfill were placed in Stopes (59,124 Tons Purchased).			

## *Manager's Report continued*

### BROKEN ORE RESERVES:

Broken ore reserves are estimated at 8,391 tons.

### DEVELOPMENT AND EXPLORATION:

		For Year Ending Dec. 31st		Total
		1962	1961	To Date
Drifts .....	Feet	780	1,019	91,018
Crosscuts .....	Feet	1,317	1,115	46,887
Sub-Level Drifts .....	Feet	1,175	1,491	20,939
Raises .....	Feet	2,107	1,553	42,376
Shaft Sinking .....	Feet	—	—	5,928
Stations .....	Feet	—	—	1,651
Ore and Waste Passes .....	Feet	—	—	14,527
		<hr/>	<hr/>	<hr/>
		5,379	5,178	223,326
Pump Stations .....	Cu. Feet	—	—	3,778
Sumps .....	Cu. Feet	—	—	50,754
Diamond Drilling .....	Feet	17,307	17,414	439,408

### COSTS:

#### Operating Costs (before Cost-Aid):

		Cost Per Ton Milled		Cost Per Fine Oz. Gold Produced Year Ending December 31st
	Total Costs	Year Ending December 31st		1962
		1962	1961	
Development and Exploration _____	\$ 82,583	\$ .46	\$ .43	\$ 1.65
Mining _____	1,222,784	6.75	6.47	24.44
Milling _____	301,373	1.66	1.65	6.02
General Mine Charges after deducting Sundry Revenue _____	221,369	1.22	.89	4.42
Administrative Expense (Partly Mine) _____	58,166	.32	.29	1.16
Bullion Marketing Expense, including Mint Handling and Refining Charges _____	12,360	.07	.06	.25
	<u>\$1,898,635</u>	<u>\$ 10.48</u>	<u>\$ 9.79</u>	<u>\$ 37.94</u>

#### Other Costs:

Depreciation .....	\$ 16,662	\$ .09	\$ .09	\$ .33
Shaft Sinking and Development Write-Off .....	36,864	.20	.23	.74
Provision for Ontario Mining Taxes .....	15,864	.09	.04	.32
Outside Exploration .....	546	.01	.02	.01
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 69,936	\$ .39	\$ .38	\$ 1.40
Total Costs .....	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,968,571	\$ 10.87	\$ 10.17	\$ 39.34

### ADDITIONS TO PLANT BUILDINGS AND EQUIPMENT:

There were no additions to plant buildings.

Additions to equipment cost \$13,196. The major items were one Oldsmobile station wagon, two scraper hoists, six mine cars and one oil furnace.



**DEVELOPMENT:**

A total of 780 feet of drifting on the bottom five levels of the mine developed 252 feet of ore. Sub-drifting from stopes and box-holes developed an additional 785 feet of ore.

The exploration drive on the 4975 level, started in 1961 to test the south ore zone at depth, was driven another 869 feet. Due to a closure of the ore zone by a massive body of talc-chlorite schist it was discontinued. A few interesting veins were encountered and explored by diamond drilling and drifting but no ore was developed or indicated.

**MINING:**

Stoping was done on eleven levels, all of which were in the #3 shaft area.

Depth of mining and concentration of working places again accounted for a slight decrease in productivity. By the year end, eighty per cent of the ore reserves were concentrated on the three levels below the 4875 horizon.

**MILLING:**

The mill operated continuously throughout the year at an average daily rate of 496 tons as compared with 502 tons for the operating period in 1961.

A further improvement in extraction of a little over one per cent raised the per cent recovery to 94.1.

**GENERAL:**

At the request of and for the account of Aunor Gold Mines, Limited, Delnite constructed a loading pocket and drove 68 feet of ore pass at the 4000 foot level of Delnite's #3 shaft.

Negotiations for a renewal of contract with the United Steelworkers of America had not resulted in agreement by the year end. The current agreement expired on July 7, 1962.

I wish to take this opportunity to express my appreciation for your guidance and co-operation and to thank the supervisors and their staffs for their continued endeavour and loyalty.

Respectfully submitted,

G. A. VARY,

General Manager.

# Balance Sheet as at

## ASSETS

### CURRENT ASSETS:

Cash .....	\$ 164,109	
Short-term investments — at cost .....	647,072	
Bullion .....	187,747	
Marketable bonds and shares — at cost (quoted market value \$426,447) .....	416,274	
Accounts and interest receivable .....	16,185	
Receivable under The Emergency Gold Mining Assistance Act .....	172,222	
Prepaid insurance and other expenses .....	9,929	\$1,613,538

STORES AND MATERIALS — at cost ..... 157,076

### FIXED ASSETS:

Buildings, plant and equipment — at cost .....	1,302,811	
Accumulated depreciation .....	1,150,407	
	152,404	
Mining properties — at cost .....	1,100,715	1,253,119

### DEFERRED EXPENDITURE:

Shaft sinking and development costs .....	451,114	
Amounts written off .....	380,196	
	70,918	
Outside exploration costs and shares of mining companies — at cost, less amounts written off .....	4	70,922
		<u>\$3,094,655</u>

### AUDITORS' REPORT

We have examined the balance sheet of Delnite Mines, Limited as at December 31, 1962 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto,  
March 7, 1963.



December 31, 1962

LIABILITIES

CURRENT LIABILITIES:

Salaries and wages .....	\$ 28,150	
Accounts payable and accrued liabilities .....	164,530	
Provision for Ontario mining tax .....	15,840	208,520

CAPITAL STOCK AND SURPLUS:

Capital stock —		
Authorized —		
3,000,000 shares of a par value of \$.80 each .....	<u>\$2,400,000</u>	
Issued and fully paid —		
2,978,767 shares .....	2,383,013	
Discount thereon (Net) .....	1,151,956	
	<u>1,231,057</u>	
Earned surplus .....	1,655,078	2,886,135

Approved on behalf of the Board:

“WELLES V. MOOT” Director.

“W. S. WALTON” Director.

\$3,094,655

THE SHAREHOLDERS

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the financial position of the company as at December 31, 1962 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,  
Chartered Accountants.

# *Statement of Earned Surplus*

## FOR THE YEAR ENDED DECEMBER 31, 1962

BALANCE — DECEMBER 31, 1961 .....	\$1,344,104
Net profit for the year .....	310,660
Gain on disposal of fixed assets .....	314
	<hr/>
BALANCE — DECEMBER 31, 1962 .....	<u>\$1,655,078</u>

# *Statement of Profit and Loss*

## FOR THE YEAR ENDED DECEMBER 31, 1962

BULLION PRODUCTION .....		\$1,879,441
EXPENDITURE:		
Development, mining, milling, marketing, maintenance, general and administrative (including directors' fees \$4,500) .....	\$1,898,635	
Depreciation of buildings, plant and equipment .....	16,662	
Shaft sinking and development costs written off .....	36,864	
	<hr/>	
	1,952,161	
LESS: Amount recoverable under The Emergency Gold Mining Assistance Act .....	366,000	1,586,161
	<hr/>	
PROFIT BEFORE THE FOLLOWING ITEMS .....		293,280
OUTSIDE MINING EXPLORATION COSTS WRITTEN OFF .....		546
		<hr/>
		292,734
OTHER INCOME:		
Interest and dividends .....		33,790
		<hr/>
		326,524
PROVISION FOR ONTARIO MINING TAX .....		15,864
		<hr/>
		310,660
INCOME TAXES:		
Provision for current year .....	74,000	
Reduction on application of a prior year's loss .....	74,000	—
	<hr/>	
NET PROFIT FOR THE YEAR .....		<u>\$ 310,660</u>



**BREAKDOWN OF SUPPLIES AND SERVICES  
PURCHASED DURING 1962**

Air Operated Equipment and Parts .....	\$ 41,215
Backfill .....	34,621
Building Products .....	4,543
Coal .....	6,052
Diamond Drilling .....	29,037
Drilling Bits, Steel, etc. ....	62,258
Electrical Equipment and Supplies .....	9,692
Explosives .....	60,427
Freight and Express, Rail and Truck Transport .....	8,059
Insurance .....	5,972
Iron and Steel Products .....	127,694
Lumber, Timber and Preservatives .....	85,499
Mine Locomotives, Car Parts, Batteries and Charging Equipment .....	10,466
Mine and Mill Tools, and Machinery .....	26,571
Miscellaneous .....	31,151
Petroleum Products .....	11,761
Power .....	82,868
Reagents, Acids, Chemicals and Refractories .....	56,650
Rubber Products .....	7,198
Safety Equipment and Supplies .....	10,562
Truck and Other Vehicles .....	4,559
	<u>\$ 716,855</u>

**PRINCIPAL CANADIAN CITIES AND TOWNS WHICH BENEFIT:**

Brantford, Burlington, Downsview, Galt, Haileybury, Hamilton, Joliette, Kirkland Lake, Kitchener, Lachine, Leaside, London, Matheson, Montreal, New Liskeard, Noranda, North Bay, Oakville, Orillia, Ottawa, Owen Sound, Peterborough, Rexdale, St. Catharines, St. Johns, St. Laurent, Sault Ste. Marie, Schumacher, Sorel, South Porcupine, Sudbury, Swastika, Timmins, Toronto, Waterloo.

**NUMBER OF COMPANIES AND INDIVIDUALS (WITH GEOGRAPHICAL LOCATION) FROM WHOM SUPPLIES OR SERVICES PURCHASED:**

Ontario .....	179
Quebec .....	12

